

# News from Ed Markey

## United States Congress Massachusetts Seventh District

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### **MARKEY RELEASES DIGITAL DIVIDE SURVEY New GAO Report Reveals 'Cost Chasm' Among Web Users**

WASHINGTON, D.C. --

U.S. Rep. Edward J. Markey (D-MA), Ranking Democrat on the House Subcommittee on Telecommunications and the Internet, today released a General Accounting Office (GAO) survey of the Characteristics and Choices of Internet Users, an analysis of consumer use of the Internet. The following is Rep. Markey's statement about the GAO's findings:

As our economy continues its transformation into one based upon the tools of the Internet and advanced digital telecommunications, those in our country who lack access to these tools or lack the skill set required to utilize them run the risk of being denied the benefits of this new digital economy. In the new digital economy, access to and use of the Internet is not a luxury because the Net will increasingly become an indispensable medium for communication, commerce, job creation and educational opportunity.

It is clear from this timely GAO report that a so-called digital divide persists between Internet users and non-users based upon race, ethnicity and geography. There were, however, some interesting findings in the GAO report for those Americans already on the Net in terms of their use of a narrowband connection to the Internet typically over a regular phone line versus a high speed, or broadband, Internet connection, such as a cable modem or DSL line.

Among those consumers who are already wired, the distinction between those who subscribe to broadband versus those using narrowband connections does not appear to break down along racial or ethnic lines. Instead, it appears from the GAO's findings that once consumers get online, Internet demographics indicate a cost chasm based upon service connection prices and household income rather than an ethnically or racially pronounced digital divide. For instance, although the GAO noted that roughly half of Internet users (52 percent) had a broadband connection available to them, only 12 percent subscribed to such service -- with most consumers citing price as the leading reason for not subscribing to broadband service. Moreover, the report noted a significant income difference between respondents subscribing to narrowband service with those subscribing to broadband: 40 percent of broadband subscribers had an annual household income of \$75,000 or more, compared with only 20 percent of narrowband subscribers.

Although the 12 percent broadband subscription rate is up significantly from the 2 percent of Internet users who subscribed to broadband connections in 1998, I am concerned that this cost chasm may persist among Internet users unless local broadband competition is reinvigorated. For policymakers, the GAO's

survey results demonstrate that while competition in the deployment of broadband services was sparked by passage of the Telecommunications Act, we must renew our policy commitment to competition in order to drive down prices for consumers to bridge the cost chasm. Ultimately, vigorous competition in local broadband services will drive down prices, promote innovation, and secure healthy subscription levels across all socioeconomic levels. (The GAO report to Rep. Markey will be available later today on the GAO website, [www.gao.gov](http://www.gao.gov).)

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